

AFTER RECORDATION PLEASE RETURN TO:

**DEED OF TRUST
WITH
FIXTURE FILING
AND SECURITY AGREEMENT**

by

VICTOR VALLEY COMMUNITY HOSPITAL.

Dated as of October 28, 1999

LOAN NO. 0705

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DEED OF TRUST

THIS DEED OF TRUST WITH FIXTURE FILING AND SECURITY AGREEMENT ("Deed of Trust") is made as of _____, by _____, a California nonprofit public benefit corporation ("Trustor") to [Whatever] Title Insurance Company ("Trustee") as trustee for the benefit of the Office of Statewide Health Planning and Development of the State of California ("Office"), and for the benefit of the California [Whatever Authority] ("Authority") (collectively, the "Beneficiary"):

THIS DEED OF TRUST WITNESSETH:

Section 1. Grant in Trust.

The Trustor irrevocably grants, transfers and absolutely, unconditionally and irrevocably assigns to the Trustee, in trust, with power of sale and right of entry and possession, the entire right, title and interest of Trustor in and to that certain real property ("Land") situated in the City and County of San Francisco, State of California, and more particularly described in **Exhibit A** attached hereto and made a part hereof, all right title and interest that the Trustor otherwise now has or may hereafter acquire in the Land, together with all right, title and interest that the Trustor now has or may hereafter acquire in:

(i) All buildings, structures, improvements, fixtures, equipment and appurtenances now and hereafter owned, constructed, located, erected, installed or affixed by or on behalf of the Trustor upon or appurtenant to the Land and all replacements and substitutions therefor ("Facilities");

(ii) All appurtenances, improvements, easements, pipes, transmission lines or wires and other rights used in connection with the Land or as a means of access thereto, whether now or hereafter owned or constructed or placed upon or used in connection with, in the Land or Facilities ("Appurtenances");

(iii) All equipment, machinery, goods and other personal property of the Trustor, whether movable or not, if the same is (a) now owned or hereafter acquired by the Trustor, (b) now or hereafter located at or used in connection with the Facilities, (c) financed with the proceeds of the Bonds or Parity Debt (as those terms are defined in the Regulatory Agreement referenced below or (d) obtained in order to satisfy its obligations under the Loan Agreement, the Regulatory Agreement or the Contract of Insurance, each as identified below, and all improvements, restorations, replacements, repairs, additions, accessions or substitutions thereto or therefor, including, without limitation, all machinery, equipment, material, furnishings and appliances for generation or distribution of air, water, heat, electricity, light, fuel or refrigeration, for purposes of ventilation, sanitation or drainage, for exclusion of vermin or insects, for removal or disposal of dust, refuse or garbage; all elevators, awnings, window coverings, floor covering, laundry equipment, kitchen equipment, cabinets, furniture and furnishings; all fixed and moveable equipment now or hereafter installed or placed upon or in the Land or Facilities for use in health care, treatment, diagnosis and services or for other health care uses; the products and proceeds from any and all such property; all the estate, interest, right, title, property or other claim or demand of every nature whatsoever, in and to such

property, including specifically, but without limitation, all deposits made with or other security given to utility companies by the Trustor with respect to such property and claims or demands relating to insurance or condemnation awards which the Trustor now has or may hereafter acquire ("Equipment");

(iv) All leases or subleases with respect to the Land, Facilities, Appurtenances and Equipment ("Leases");

(v) All rentals or other payments which may now or hereafter accrue or otherwise become payable under the Leases to or for the benefit of the Trustor together with all other income, rents, revenues, issues, profits, reserves and royalties produced by the Land, Facilities, Appurtenances and Equipment or by all management or service contracts or other contracts affecting the Property, including but not limited to security deposits (collectively the "Rents");

(vi) All earnings, products, damages, indemnifications, insurance proceeds and any other proceeds from any and all of such Land, Facilities, Appurtenances, Equipment, Leases, Rents and Accounts including specifically, but without limitation, all deposits made with or other security given to utility companies and claims or demands relating to insurance or condemnation awards which the Trustor now has or may hereafter acquire, including all advance payments of insurance premiums made by the Trustor with respect thereto ("Proceeds");

(vii) All accounts, accounts receivable and other rights to payment of money now owned or hereafter acquired by the Trustor, whether due or to become due and whether or not earned by performance ("Accounts"), including without limitation the following:

(1) Any and all Accounts arising from any source, including without limitation operations of the Trustor or its agents at the Facilities, and at any other facility, including, but not limited to, health facility or office; and

(2) Any and all Accounts accruing from in-patient, out-patient, day treatment, and any other programs run by and operations of the Trustor or its agents.

For purposes hereof, "Accounts" covered hereby shall include without limitation accounts, chattel paper, deposit accounts and instruments as defined by the California Commercial Code, and any amounts receivable from third party payors (including insurance companies, Medicare and Medicaid including, without limitation, any Medicare and/or Medicaid losses paid on recapture, unless otherwise prohibited by law) in connection with the foregoing; and

(viii) All right, title and interest of the Trustor in all the Trustor's inventory, raw materials, work in process, finished goods and goods held for sale or lease or furnished under contracts of service, and all returned and repossessed goods, and all goods covered by documents of title, including warehouse receipts, bills of lading and all other documents of every type covering all or any part of the Property, now owned or hereafter acquired, whether held by the Trustor or any third party, which is located on, appurtenant to, relating to, or used by or useful in connection with the Property ("Inventory");

All of the above referenced Land, Facilities, Appurtenances, Equipment, Leases, Rents, Proceeds, Accounts and Inventory as hereby conveyed to the Trustee or made subject to the security interest herein described is collectively referred to herein as the "Property."

Additionally, Health and Safety Code Section 129052, in part, states:

"The lien of such pledge shall be valid and binding against all parties, irrespective of whether the parties have notice of the lien. The indenture, trust agreement, resolution, or another instrument by which such pledge is created need not be recorded or the security interest otherwise perfected."

The Trustor warrants and agrees that as of the date of recording of this Deed of Trust it has not entered into any sales agreement, option, assignment, sublease, pledge, mortgage, deed of trust, financing statement, security agreement or any other arrangement regarding the Property apart from the transactions referenced in or secured by this Deed of Trust and has not nor will execute any document or instrument referring to or covering the Property, or any part thereof, and no such documents or instruments are on file, recorded or in effect in any public office, other than Permitted Encumbrances (as that term is defined in the Regulatory Agreement described below) and agrees that the Property is, and shall be, kept free from any lien, security interest, encumbrance or any other interest other than the Permitted Encumbrances.

FOR THE PURPOSE OF SECURING:

Section 2. Obligations

(a) Payment of Loan Repayments and Additional Payments (as those terms are defined in the Indenture which is defined below) pursuant to that certain Loan Agreement, dated as of October 28, 1999 (the "Loan Agreement"), by and between the Authority and the Trustor, in an amount sufficient to pay debt service on the Bonds issued pursuant to that certain Indenture, dated as of October 28, 1999 ("Indenture"), by and between the Authority and BNY Western Trust Company ("Indenture Trustee"), and any Parity Debt (as that term is defined in the Regulatory Agreement) issued pursuant to the terms of the Loan Agreement and the Indenture;

(b) Performance of each and every obligation, covenant and agreement of Trustor contained in the Loan Agreement;

(c) Performance of each and every obligation, covenant and agreement contained in this Deed of Trust; and

(d) Performance of each and every obligation, covenant and agreement of Trustor under that certain Amended and Restated Regulatory Agreement ("Regulatory Agreement") and under that certain Contract of Insurance, each dated as of October 1, 2000, and entered into by and among the Trustor, the Authority and the Office (the "Contract of Insurance") and any regulatory agreements and contracts of insurance relating to Parity Debt.

The foregoing obligations are hereinafter sometimes referred to as the "Obligations."

THIS DEED OF TRUST FURTHER WITNESSETH:

Section 3. Security Agreement and Fixture Filing.

This Deed of Trust shall also constitute a security agreement and the Trustor hereby pledges and grants to the Beneficiary a security interest in and to all of the Property not constituting real property under the laws of the State of California ("Personal Property"), whether Trustor now or hereafter obtains an interest in such Personal Property and all the proceeds or products thereof, including but not limited to all of those items listed in **Exhibit B** attached hereto and made a part hereof. Upon any default of the Trustor hereunder, the Beneficiary shall be entitled to exercise with respect to all such collateral all of the rights and remedies set forth herein, in the Loan Agreement, in the Contract of Insurance, in the Regulatory Agreement or otherwise afforded to a secured party in default under the terms of Article 9 of the California Uniform Commercial Code, any or all of which may be pursued and exercised concurrently, consecutively, alternatively or otherwise. The Trustor will execute one or more supplemental security agreements and financing statements as the Beneficiary may from time to time require, covering any property now or hereafter constituting a portion of the Property and otherwise the collateral securing the indebtedness secured hereunder and such financing statements and other and further assurances as the Beneficiary may request to perfect or evidence the security interest herein created (which shall cover all proceeds and products of collateral), including but not limited to, UCC-1 Financing Statements (which shall contain the description of collateral attached as **Exhibit B**) and UCC Continuation Statements.

The Trustor will pay all costs of filing any financing, continuation or termination statements with respect to the security interest created by this Deed of Trust; and the Beneficiary is hereby appointed the Trustor's attorney-in-fact to do, at the Beneficiary's option and at the Trustor's expense, all acts and things which the Beneficiary may deem necessary to perfect the security interest created by this Deed of Trust and to protect the Property. The Beneficiary may execute, sign, endorse, transfer or deliver, in the name of the Trustor, notes, checks, drafts or other instruments for the payment of money and receipts, certificates of origin, certificates of title, applications for certificates of title, or any other documents necessary to evidence, perfect or realize upon the security interests and secured indebtedness created or secured by this Deed of Trust. This authority shall be considered a power coupled with an interest and shall be irrevocable until all the indebtedness secured hereby shall have been paid in full.

This Deed of Trust constitutes a Financing Statement filed as a fixture filing in the Official Records of the County Recorder of the county in which the property is located with respect to any and all Fixtures (as defined by the Uniform Commercial Code), included within the term "Property" as used in this Deed of Trust and with respect to any goods or other Personal Property that may now or hereafter become such Fixtures. The address of the Beneficiary, from which information concerning the security interest granted hereunder may be obtained, is:

Office of Statewide Health Planning and Development
300 Capitol Mall, Suite 1500
Sacramento, CA 95814
Attn: Deputy Director
Cal-Mortgage Loan Insurance Division

All references in this Deed of Trust to the Uniform Commercial Code shall be to the Uniform Commercial Code as enacted by the State of California.

Section 4. Absolute Assignment; Assignment of Leases and Rents.

a. The Trustor hereby absolutely, unconditionally and irrevocably assigns to the Beneficiary the Leases and Rents. The Beneficiary authorizes the Trustor, prior to any default in the payment of any indebtedness secured hereby or in the performance of any covenant or obligation hereunder, without notice, to collect and use all such Rents as they become due and payable and to exercise all rights under the Leases if not otherwise restricted under the Loan Agreement, the Regulatory Agreement or Contract of Insurance. The foregoing assignment shall not impose upon the Beneficiary any duty to produce Rents from the Property or cause the Beneficiary to be a "mortgagee in possession" for any purpose.

b. Except as otherwise permitted under the Regulatory Agreement, the Trustor agrees that it will not amend, modify, change or waive, or consent to any amendment, modification, change or Waiver of, any term or provision of the Leases without the prior written consent of the Beneficiary.

c. The Trustor agrees that it will take all steps and do all things necessary to keep and maintain the Leases in full force and effect and will enforce or cause to be enforced all and singular the provisions thereof, and bring and prosecute or cause to be prosecuted any and all suits, actions and proceedings necessary to enforce compliance with all of the terms, provisions and covenants thereof. If, in the reasonable opinion of the Beneficiary, the Trustor has failed, or is about to fail, to take suitable action to enforce the Leases or any guaranty thereof or to first preserve any rights or remedies thereunder, the Beneficiary, after giving five (5) days' written notice to the Trustor, may, but is not required to, take such action as it shall deem appropriate, in its own name or in the name of the Trustor for the use and benefit of the Beneficiary, to enforce the Leases and to preserve any rights or remedies thereunder, and all costs and expenses incurred by the Beneficiary in taking any such action shall be payable on demand and shall constitute part of the secured indebtedness hereunder.

Section 5. Acceleration upon Default.

In the event of any default by the Trustor under the Loan Agreement, the Regulatory Agreement, the Contract of Insurance, or any other agreements secured hereby, or upon the breach by the Trustor of any of its covenants or agreements contained herein, the Beneficiary shall have the option of declaring the unpaid balance owing under the Loan Agreement and any other sums secured hereby immediately due and payable as provided in Section 8.2 of the Loan Agreement.

Section 6. Covenants of the Trustor.

For the purpose of protecting and preserving the security of this Deed of Trust, the Trustor promises and agrees to do the following:

(a.) (i.) to take all action necessary to keep the Property at all times entirely free of dry rot, fungus, termites, beetles and all other wood-boring, wood-eating, harmful or destructive insects, and in all respects properly to care for and keep all of the Property, including all such buildings, structures and other improvements, in good condition and repair;

(ii.) not to remove, demolish or substantially alter (except such alterations as may be required by laws, ordinances or regulations or permitted pursuant to the Loan Agreement) any of the Facilities; provided, however, that the Trustor may make such proper replacements, repairs, renewals, removals and alterations as it shall in good faith reasonably determine are necessary or advisable to maintain or enhance the efficiency and value of the security created hereby;

(iii.) to complete promptly and in good and businesslike manner any building or other improvements which may be constructed on the Land, to promptly restore in like manner (to the extent permitted by law) any Facilities which may be damaged or destroyed thereon, and to pay when due all claims for labor performed and materials furnished therefor, provided that the Trustor shall not be required to pay any such claim if it shall in good faith contest the validity thereof and, if so contested, shall provide for the payment thereof in a manner reasonably satisfactory to the Indenture Trustee;

(iv.) to comply with all laws, ordinances, regulations, conditions and restrictions now or hereafter affecting the Property or any part thereof or requiring any alterations or improvements to be made thereon;

(v.) not to commit or permit any waste, and not to permit any deterioration, of the Property; and

(vi.) not to commit, suffer or permit any act to be done in or upon the Property in violation of any law or ordinance if such act might have consequences that would materially and adversely affect the financial condition, assets, properties or operation of the Trustor;

(b) to provide and maintain hazard insurance as required by the Regulatory Agreement (see Section XV entitled "Insurance"), and to deliver duplicate originals or certified copies of the policies of said insurance to the Trustee upon its request; it being mutually agreed that the proceeds of any claim under such insurance in excess of one and one-half percent (1-1/2%) of the Trustor's Adjusted Annual Operating Revenues (as defined in the Regulatory Agreement; see Section XIX(A) of the Regulatory Agreement entitled "Disposition of Insurance and Condemnation Proceeds") shall be deposited with the Indenture Trustee pursuant to the Indenture and are hereby assigned to said Indenture Trustee to be held and disbursed by said Indenture Trustee as provided in the Regulatory Agreement, and that any unexpired insurance and all returnable insurance premiums shall inure to the benefit of, and pass to, the purchaser of the property covered thereby at any Trustee's sale held hereunder;

(c.) to appear in and defend any action or proceeding affecting or purporting to affect the security of this Deed of Trust, any additional or other security for any of the obligations secured hereby, or the interest, rights, powers, or duties of the Trustee or the Beneficiary

hereunder, it being agreed, however, that in the case of an action or proceeding against the Trustee or the Beneficiary said Trustee or Beneficiary, at its option, may appear in and defend any such action or proceeding and, in addition, it being agreed that the Trustee or Beneficiary may commence any action or proceeding deemed necessary by it to perfect, maintain or protect such interest, rights, powers or duties, all in such manner and to such extent as it may determine in its sole discretion to be appropriate, and the Trustee or Beneficiary is authorized to pay, purchase or compromise on behalf of the Trustor any encumbrance or claim which in its judgment appears or purports to affect the security hereof or to be superior hereto; to pay all costs and expenses, including costs of evidence of title and attorney's fees in a reasonable sum, in any above described action or proceedings in which the Beneficiary or the Trustee may appear;

(d) (i.) to pay, and submit to the Beneficiary, at least five (5) days before default or delinquency, a receipt or other evidence of payment, or certified copy thereof, evidencing payment of all taxes and assessments affecting the Property, and any accrued interest, cost or penalty thereon, provided that the Trustor shall not be required to pay any such tax or assessment if it shall in good faith contest the validity thereof and, if so contested, shall provide for the payment thereof in a manner reasonably satisfactory to the Indenture Trustee;

(ii.) to pay when due all encumbrances (including any debt secured by deed of trust), ground rents, liens or charges, with interest, on the Property or any part thereof which appear to be prior or superior hereto, and to pay immediately and in full all such encumbrances, rents, liens or charges, if any, which may now be due or payable; provided that the Trustor shall not be required to pay any such encumbrances, rent, lien or charge if it shall in good faith contest the validity thereof and, if so contested, shall provide for the payment thereof in manner satisfactory to the Beneficiary; and

(iii.) to pay when due all costs, fees and expenses of these trusts, including costs of evidence of title and the Trustee's fees in connection with sale, whether completed or not, which amounts shall become due upon delivery to the Trustee of declaration of default and demand for sale, as hereinafter provided; and

(e) to pay immediately and without demand all reasonable and necessary sums expended or expense incurred by the Trustee or by the Beneficiary to enforce the terms of the Trust, including attorneys' fees, under any of the terms of this Deed of Trust, with interest from date of expenditure at the rate of ten percent (10%) per annum.

Section 7. Condemnation Proceeds.

All condemnation proceeds of the Property in excess of one and one-half percent (1-1/2%) of the Corporation's Adjusted Annual Operating Revenues (as defined in the Regulatory Agreement) shall be deposited with the Indenture Trustee pursuant to the Indenture and are hereby assigned to said Indenture Trustee to be held and disbursed by said Indenture Trustee as provided in the Regulatory Agreement; provided that any condemnation proceeds not so required to be deposited may be retained by the Trustor and used for any lawful purpose, subject to Trustor's obligation to repair or restore the Property following such condemnation.

Section 8. Acceptance Not Waiver.

By accepting payment of any sum secured hereby after its due date, neither the Trustee nor the Beneficiary shall be deemed to have waived its right either to require prompt payment when due of all other sums so secured or to declare default as herein provided for failure so to pay.

Section 9. Conveyance, Easements, Subordination, Releases.

To the extent permitted under the Loan Agreement or the Regulatory Agreement, at any time, or from time to time, without liability therefor and without notice, upon written request by the Beneficiary or Trustor, upon presentation of this Deed of Trust, and without affecting the liability of any person for payment of the indebtedness secured hereby or the effect of this Deed of Trust upon the remainder of the Property, the Trustee shall reconvey any part of the Property, consent in writing to the making of any map or plat thereof, execute releases, join in granting any easement thereon, or join in any extension agreement or any agreement subordinating the lien or charge hereof. The Trustor, the Beneficiary and the Trustee shall execute and deliver any agreements subordinating the lien or charge hereof to the lien of any Permitted Encumbrance (as that term is defined in the Regulatory Agreement) and any releases and waivers of the lien of this Deed of Trust as is necessary to accommodate the requirements of the holders of Permitted Encumbrances.

Section 10. Right of Entry for Inspection.

The Trustee and the Beneficiary are each authorized, by themselves or their agents or workers, in a reasonable manner such as not to interfere with the Trustor's business in a materially adverse manner and after giving notice to enter during reasonable business hours (or at any other time agreeable to the Trustor) upon any part of the Property for the purpose of inspecting the same.

Section 11. Entry, Possession, Operation of Property.

(a) Should the Trustor fail or refuse to make any payment or to do any act which it is obligated hereunder to make or do, at the time and in the manner herein provided, then the Trustee or the Beneficiary, in its sole discretion, without notice to or demand upon the Trustor and without releasing the Trustor from any obligation hereof, is authorized to do and may do any of the following:

(i.) make any such payment or do any such act in such manner and to such extent as it may deem necessary to protect the security hereof, the Trustee and the Beneficiary being authorized to enter upon the Property for such purposes;

(ii.) pay, purchase, contest or compromise any claim, debt, lien, charge or encumbrance which in the judgment of the Trustee or the Beneficiary may affect or appear to affect the security of this Deed of Trust, the interest of the Beneficiary or the rights, powers or duties of the Trustee or the Beneficiary hereunder; or

(iii.) either by itself or by its agents appointed by it for that purpose, enter into and upon and take and hold possession of any or all of the Property, exclude the Trustor and all other persons therefrom, and operate and manage the Property, and rent and lease the same and collect any and all rents, issues, income and profits therefrom, and from time to time apply the same or accumulate the same for application, in such order and manner as the Trustee or the Beneficiary in its sole discretion shall consider advisable, to the following: costs of collecting the same, including the Trustee's reasonable fees in so doing; the necessary and proper costs of upkeep, maintenance, repair, and operation of the Property; the repayment of any sums theretofore or thereafter advanced pursuant to the terms of this Deed of Trust; the interest and principal then due or next to become due upon any indebtedness secured hereby; and the taxes and assessments upon the Property then due or next to become due.

(b) The collection or receipt of Rents from the Property by the Trustee or the Beneficiary after declaration of default and election to cause the Property to be sold under and pursuant to the terms of this Deed of Trust shall not affect or impair such default or declaration of default or election to cause the Property to be sold or any sale proceedings predicated thereon, but such proceedings may be conducted and sale effected notwithstanding the receipt or collection of any such Rents. Any such Rents in the possession of the Trustee or the Beneficiary at the time of sale and not theretofore applied as herein provided, shall be applied in the same manner and for the same purposes as the proceeds of the sale.

(c) The Trustee and the Beneficiary shall not be under any obligation to make any of the payments or do any of the acts above mentioned, but, upon election so to do, employment of an attorney is authorized and payment of such attorney's fees and of all other necessary expenditures is hereby secured.

Section 12. Power of Sale.

(a) Should a Loan Default Event (*as defined in the Indenture*) have occurred and be continuing under the Loan Agreement, or upon the breach by the Trustor of any of its covenants or agreements contained herein, in the Regulatory Agreement or in the Contract of Insurance, the Trustee, upon written request by the Beneficiary, shall declare all sums secured hereby immediately due and payable.

(b) Having so declared, the Trustee shall provide and record such notices of default and of the election to cause the Property or any part of it to be sold as are required by law.

(c) The Trustee, upon written request by the Beneficiary, from time to time before the Trustee's sale, may rescind any such notice of default and of election to cause to be sold the Property and may execute a written notice of such a rescission, which notice, when recorded, shall also constitute a cancellation of any prior declaration of default and demand for sale. The exercise of such right of rescission shall not constitute a waiver of any breach or default then existing or subsequently occurring or impair the right of the Beneficiary to execute and deliver to the Trustee, as above provided, other requests for notices of default and of election to cause to be sold the Property to satisfy the obligations hereof, nor otherwise affect any provision, covenant or condition of this Deed of Trust or any of the rights, obligations or remedies of the parties hereunder.

(d) Not less than the time then required by law having elapsed after recordation of notice of default, without demand on the Trustor, the Trustee, having first given notice of sale as then required by law, shall sell the Property in the manner provided by law at the time and place of sale fixed by it in the notice of sale, provided that the Trustee may postpone sale of all or any portion of the Property in the manner provided by law.

(e) The Trustee shall deliver to the purchaser its deed conveying the property so sold, but without any covenant or warranty, express or implied, and the recitals in such deed of any matters or facts affecting the regularity or validity of the sale shall be conclusive proof of the truthfulness thereof. Also, such deed shall be conclusive against all persons as to all matters or facts therein recited. Any person, including the Trustor, the Trustee and the Beneficiary, may purchase at such sale.

(f) The Trustee shall apply the proceeds of any such sale to payment of: (1) all costs, fees, charges and expenses of the Trustee and of these trusts, and fees of any attorneys employed by the Trustee or the Beneficiary to enforce the provisions hereof; (2) the Trustee's fees in connection with the sale, and all expenses of sale, including the cost of procuring evidence of title in connection with the sale proceedings and revenue stamps on the Trustee's deed; and (3) all other sums secured hereby, including interest on each of the foregoing items, all in such manner and order of priority or preference as the Beneficiary may in its sole and absolute discretion direct. The remainder, if any, of such proceeds, shall be paid to the person or persons legally entitled thereto, upon proof satisfactory to the Trustee of such right.

Section 13. Satisfaction and Reconveyance.

Upon written request of the Beneficiary stating that all sums secured hereby have been paid, and upon surrender to the Trustee of this Deed of Trust and upon payment of its fees, the Trustee shall reconvey and release, without warranty, the Property, it being further agreed that the recitals in such reconveyance and release of any matters or facts shall be conclusive proof of the truthfulness thereof and that the grantee in any reconveyance may be described as "the person or persons legally entitled thereto."

Section 14. Additional Security.

The Trustee shall be entitled to enforce payment and performance of any indebtedness or obligations secured hereby and to exercise all rights and powers under this Deed of Trust or under any other agreement or any laws now or hereafter in force, notwithstanding that some or all of the indebtedness and obligations secured hereby are now or shall hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise; and neither the acceptance of this Deed of Trust nor its enforcement, whether by court action or pursuant to the power of sale or other powers herein contained, shall prejudice or in any manner affect the Trustee's or the Beneficiary's right to realize upon or enforce any other security now or hereafter held by the Trustee or the Beneficiary, it being agreed either that the Trustee or the Beneficiary shall be entitled to enforce this Deed of Trust and any other security now or hereafter held by the Beneficiary or the Trustee in such order and manner as it may in its uncontrolled discretion determine.

Section 15. Notice of Actions.

The Trustee shall be under no obligation to notify any party hereto of any action or proceeding of any kind in which the Trustor, the Beneficiary or the Trustee shall be a party, unless brought by the Trustee, or of any pending sale under any other deed of trust.

Section 16. Charge for Provision of Statement.

For any statement regarding the obligations secured hereby, a charge, which the Trustor agrees to pay, may be made in an amount not exceeding the maximum allowed by law at the time any such statement is requested.

Section 17. Waiver of Statute of Limitations.

The right to plead any and all statutes of limitations as a defense to any demand secured by this Deed of Trust is hereby waived.

Section 18. Irrevocable by the Trustor.

The trust created hereby is irrevocable by the Trustor.

Section 19. Substitution of Trustee.

The Beneficiary may substitute a successor Trustee from time to time by recording at the places required by law an instrument stating the election by the Beneficiary to make such substitution and identifying this Deed of Trust.

Section 20. Post-Foreclosure Environmental Losses.

THE TRUSTOR HAS EXECUTED THAT CERTAIN ENVIRONMENTAL INDEMNITY DATED AS OF OCTOBER 1, 2000, IN FAVOR OF THE BENEFICIARY ("ENVIRONMENTAL INDEMNITY"). NOTWITHSTANDING ANY OTHER PROVISION IN THE LOAN AGREEMENT OR THE REGULATORY AGREEMENT, THIS DEED OF TRUST DOES NOT SECURE ANY OBLIGATIONS OR LIABILITIES ARISING UNDER THE ENVIRONMENTAL INDEMNITY OR OUT OF ANY POST-FORECLOSURE TRANSFER ENVIRONMENT LOSSES (AS DEFINED IN THE ENVIRONMENTAL INDEMNITY). IT IS THE EXPRESS INTENTION OF THE TRUSTOR AND THE BENEFICIARY THAT SUCH OBLIGATIONS AND LIABILITIES BE UNSECURED.

Section 21. Exercise of Rights.

For as long as the Office is obligated under the Contract of Insurance, all rights under this Deed of Trust shall be exercised solely by the Office and all notices, determinations and consents required or permitted under this Deed of Trust shall be given by and to the Office only, notwithstanding any notice and consent provisions relating to both the Office and the Indenture Trustee, as assignee of Authority. For so long as the Office is obligated under the Contract of Insurance, all rights shall be exercised by the Office for the equal and ratable benefit of the Office and the Indenture Trustee, it being understood that all rights and proceeds inuring

to the benefit of the Indenture Trustee hereunder are for the benefit of the holders of the Bonds and Parity Debt. In the event the Contract of Insurance has been canceled or terminated, all rights and remedies under this Deed of Trust may be exercised solely by the Indenture Trustee. In the event that all amounts owing to the Indenture Trustee have been paid, all rights and remedies under this Deed of Trust may be exercised solely by the Office for its own benefit.

Section 22. Counterparts: Notices.

This deed of Trust may be executed in any number of counterparts, each of which shall be deemed for all purposes to be an original and all of which together shall constitute but one and the same instrument. All notices, requests or communications required or permitted to be given in this Deed of Trust, including any notice of default and any notice of sale to the Trustor under this Deed of Trust, shall be in writing and mailed or delivered to the respective party as follows:

Trustor:	Victor Valley Community Hospital 15248 Eleventh Street Victorville, California 92392 Attention: Administrator
Beneficiary:	Office of Statewide Health Planning and Development 300 Capitol Mall, Suite 1500 Sacramento, CA 95814 Attention: Deputy Director Cal-Mortgage Loan Insurance Division
Trustee:	Commonwealth Land Title Company 888 West Sixth Street Los Angeles, California 90017

The Trustor, the Trustee, the Office, the Authority and the Indenture Trustee, may, by notice given hereunder, designate any further or different address to which subsequent notices, notice of default, notice of sale, statements (as defined in the Regulatory Agreement) and other communications shall be sent.

Section 23. Successors Bound.

This Deed of Trust shall bind, and the benefits shall inure to, the respective parties hereto, the Beneficiary, their legal representatives, successors in office or interest, and assigns.

Section 24. Severability of Invalid Provisions.

If any provision of this Deed of Trust should be held unenforceable or void, in whole or in part, then such unenforceable or void provision or part shall be deemed separable from the remaining provisions and shall in no way affect the validity of the remainder of this Deed of Trust.

Section 25. Amendments; Releases or Reconveyances.

(a.) This Deed of Trust may be amended, changed, modified or terminated at any time by the written consent of the Office, without the necessity of obtaining the consent of the Authority, the Indenture Trustee or the holders of the Bonds or of Parity Debt.

(b.) Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Deed of Trust upon any property not then or theretofore released as security for the full amount of all unpaid obligations, the Trustee may, upon written request by the Office in accordance with the Loan Agreement or the Regulatory Agreement, from time to time, and without notice to the Trustor, release any person other than the Trustor so liable, extend the maturity or alter any of the terms of any such obligation, or grant other indulgences, release or reconvey, or cause to be released or reconveyed, any portion or all of the Property, release any other or additional security for any obligation herein mentioned, or make compositions or other arrangements with debtors in relation thereto; and if the Trustee at any time holds any additional security for any obligations secured hereby, it may enforce the sale thereof or otherwise realize upon the same at its option, either before or concurrently herewith or after a sale is made hereunder.

Section 26. Headings and References.

The headings or titles of the several sections, subsections and subdivisions hereof shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Deed of Trust. All references herein to "sections," "subsections" and other subdivisions are to the corresponding sections, subsections or subdivisions of this Deed of Trust. The words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Deed of Trust as a whole and not to any particular section, subsection or subdivision hereof. Words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 27. Governing Law; Venue.

The laws of the State of California shall govern this Deed of Trust, the interpretation thereof and any right or liability arising hereunder. Any action or proceeding to enforce or interpret any provision of this Deed of Trust shall be brought, commenced or prosecuted in Sacramento County, California, except as may otherwise be required to provide jurisdiction.

Section 28. Attorneys' Fees.

In the event of any action at law or in equity between the parties hereto to interpret or enforce any of the provisions of this Deed of Trust, the nonprevailing party or parties to such litigation shall pay to the prevailing party or parties all costs and expenses, including actual attorneys' fees, incurred therein by such prevailing party or parties; and if such prevailing party or parties shall recover judgment in any such action or proceeding, such costs, expenses and attorneys' fees may be included in and as part of such judgment. The prevailing party shall be the party who is entitled to recover its costs of suit, whether or not the suit proceeds to final judgment. A party not entitled to recover its costs of suit shall not recover attorneys' fees.

TRUSTOR: VICTOR VALLEY
COMMUNITY HOSPITAL

By _____
Michael Fermin
Chairman

Commonwealth Land Title Company hereby accepts the trust created by the foregoing deed of trust and agrees to the terms thereof.

COMMONWEALTH LAND TITLE
COMPANY

By _____
Title: _____

The California _____ Authority hereby assigns all of its rights, title and interest in the foregoing Deed of Trust to _____ Trust Company, as trustee on behalf of the Holders of the Bonds and Parity Debt, pursuant to that certain Indenture, dated as of October 1, 2000, by and between the California Statewide Communities Development Authority and BNY Western Trust Company, as trustee.

CALIFORNIA _____ AUTHORITY

By _____
Norma Lammers,
Member

EXHIBIT A

LEGAL DESCRIPTION OF REAL PROPERTY

EXHIBIT B

DESCRIPTION OF COLLATERAL

All right, title and interest that Victor Valley Community Hospital, a California nonprofit public benefit corporation, which is defined as "Trustor" in that certain Deed of Trust with Fixture Filing and Security Agreement dated as of October 28, 1999 ("Deed of Trust") now has or may hereafter acquire in:

(i) All buildings, structures, improvements, fixtures, equipment and appurtenances now and hereafter owned, constructed, located, erected, installed or affixed by or on behalf of the Trustor upon or appurtenant to the Land as defined in the Deed of Trust and all replacements and substitutions therefor ("Facilities");

(ii) All appurtenances, improvements, easements, pipes, transmission lines or wires and other rights used in connection with the Land or as a means of access thereto, whether now or hereafter owned or constructed or placed upon or in the Land or Facilities ("Appurtenances");

(iii) All equipment, machinery, goods and other personal property of the Trustor whether movable or not, if the same is (a) now owned or hereafter acquired by the Trustor, (b) now or hereafter located at or used in connection with the Facilities, (c) financed with the proceeds of the Bonds or Parity Debt as those terms are defined in the Regulatory Agreement referenced in the Deed of Trust or (d) obtained in order to satisfy its obligations under the Loan Agreement, the Regulatory Agreement or the Contract of Insurance, each as identified in the Deed of Trust, and all improvements, restorations, replacements, repairs, additions, accessions or substitutions thereto or therefor, including, without limitation, all machinery, equipment, material, furnishings and appliances for generation or distribution of air, water, heat, electricity, light, fuel or refrigeration, for purposes of ventilation, sanitation or drainage, for exclusion of vermin or insects, for removal or disposal of dust, refuse or garbage; all elevators, awnings, window coverings, floor covering, laundry equipment, kitchen equipment, cabinets, furniture and furnishings; all fixed and moveable equipment now or hereafter installed or placed upon or in the Land or Facilities for use in health care, treatment, diagnosis and services or for other health care uses; the products and proceeds from any and all such property; all the estate, interest, right, title, property or other claim or demand of every nature whatsoever, in and to such property, including specifically, but without limitation, all deposits made with or other security given to utility companies by the Trustor with respect to such property and claims or demands relating to insurance or condemnation awards which the Trustor now has or may hereafter acquire ("Equipment");

(iv) All leases or subleases with respect to the Land, Facilities, Appurtenances and Equipment ("Leases");

(v) All rentals or other payments which may now or hereafter accrue or otherwise become payable under the Leases to or for the benefit of the Trustor together with all other income, rents, revenues, issues, profits, reserves, and royalties produced by the Land, Facilities, Appurtenances and Equipment or by all management or service contracts or other contracts affecting the Property, including but not limited to security deposits (collectively the "Rents");

(vi) All earnings, products, damages, indemnifications, insurance proceeds and any other proceeds from any and all of such Land, Facilities, Appurtenances, Equipment, Leases, Rents and Accounts including specifically, but without limitation, all deposits made with or

other security given to utility companies and claims or demands relating to insurance or condemnation awards which the Trustor now has or may hereafter acquire, including all advance payments of insurance premiums made by the Trustor with respect thereto ("Proceeds");

(vii) All accounts, accounts receivable and other rights to payment of money now owned or hereafter acquired by the Trustor, whether due or to become due and whether or not earned by performance ("Accounts"), including without limitation the following:

(a) Any and all Accounts arising from any source, including without limitation operations of the Trustor or its agents at the Facilities, and at any other hospital, facility or office; and

(b) Any and all Accounts accruing from in-patient, out-patient, day treatment, and any other programs run by and operations of the Trustor or its agents.

For purposes hereof, "Accounts" covered hereby shall include without limitation accounts, chattel paper, deposit accounts and instruments as defined by the California Commercial Code, and any amounts receivable from third party payors (including insurance companies, Medicare and Medicaid, including without limitation any Medicare and/or Medi-Cal losses paid on recapture, unless otherwise prohibited by law) in connection with the foregoing; and

(viii) All right, title and interest of the Trustor in all the Trustor's inventory, raw materials, work in process, finished goods and goods held for sale or lease or furnished under contracts of service, and all returned and repossessed goods, and all goods covered by documents of title, including warehouse receipts, bills of lading and all other documents of every type covering all or any part of the Property, now owned or hereafter acquired, whether held by the Trustor or any third party, which is located on, appurtenant to, relating to, or used by or useful in connection with the Property ("Inventory");

All of the above referenced Land, Facilities, Appurtenances, Equipment, Leases, Rents, Proceeds, Accounts and Inventory as hereby conveyed to the Trustee or made subject to the security interest herein described is collectively referred to herein as the "Property."

Additionally, Health and Safety Code Section 129052, in part, states:

"The lien of such pledge [the Property] shall be valid and binding against all parties, irrespective of whether the parties have notice of the lien. The indenture, trust agreement, resolution, or another instrument by which such pledge is created need not be recorded or the security interest otherwise perfected."